

## Message Text

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INFO OCT-01 EUR-12 ISO-00 EB-07 PM-03 NSC-05 SP-02 SS-15

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DRAFTED BY TREAS: RENDALL/GRIFFIN

APPROVED BY EB/IFD/OIA:DHSTEBBING

TREAS:GPASKY

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EUR/EE:RCHRISTENSEN

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R 252234Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST

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E.O. 11652: N/A

TAGS: EINV, RO

SUBJECT: GOR-ISLAND CREEK JOINT VENTURE

REFS: (A) BUCHAREST 3183 (B) STATE 157325

1. COMMITTEE ON FOREIGN INVESTMENT IN U.S. (CFIUS) HELD  
PRELIMINARY DISCUSSION ON JULY 18 ON PROPOSED GOR/ISLAND  
CREEK JOINT VENTURE. IT WAS AGREED THAT A FORMAL SUBMISSION  
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OF THE PROPOSED VENTURE, INCLUDING ALL DETAILS, SHOULD BE  
SUBMITTED BY GOR TO CFIUS AS FIRST BASIC STEP IN ADVANCE  
CONSULTATION PROCEDURE.

2. ASSISTANT SECRETARY OF TREASURY GERALD PARSKY MET JULY 23 WITH ROMANIAN AMBASSADOR BOGDAN TO CONVEY TO HIM GENERAL CONCLUSION OF CFIUS. PARSKY ALSO NOTED THAT: (A) EXECUTIVE ORDER GIVES FOREIGN INVESTMENT COMMITTEE RESPONSIBILITY FOR REVIEWING INVESTMENTS BY FOREIGN GOVERNMENTS WHICH 'MIGHT HAVE MAJOR IMPLICATIONS FOR U.S. NATIONAL INTERESTS;' (B) IT IS IMPORTANT TO DEMONSTRATE TO CONGRESS, PARTICULARLY SINCE COMMITTEE IS NEWLY ESTABLISHED, THAT ADEQUATE CONSULTATIONS WERE HELD WITH ROMANIA; (C) WE VIEW CONSULTATION PROCEDURE AS NORMAL PART OF REVIEW PROCESS AND EXPECT TO UNDERTAKE CONSULTATIONS WITH ANY

FOREIGN GOVERNMENT CONSIDERING SIMILAR MAJOR INVESTMENT IN U.S.; AND (D) IN ORDER TO EXPEDITE PROCESS, HE WISHED TO GIVE AMBASSADOR BRIEF LIST OF QUESTIONS.

3. BOGDAN AGREED TO OBTAIN ANSWERS TO FOLLOWING QUESTIONS: (A) WHAT ARE ROMANIA'S CURRENT AND PROJECTED LEVELS OF COAL IMPORTS FROM THE UNITED STATES? (B) FOR WHAT PURPOSES DOES ROMANIA NOW UTILIZE COAL IMPORTS? WILL THE JOINT VENTURE BE USED FOR THE SAME PURPOSES? (C) DOES ROMANIA HAVE PLANS FOR OTHER INVESTMENTS IN THE U.S. ECONOMY? (D) WHAT WILL BE THE STRUCTURE OF THE JOINT VENTURE? THE EXTENT OF ROMANIAN PARTICIPATION IN FINANCING AND CONTROL?

4. ASAP AFTER RECEIPT OF INFORMATION NOTED IN PARAS 1 AND 3 WHICH SHOULD BE ADDRESSED TO CFIUS, WE WILL ADVISE GOR WHETHER FURTHER CONSULTATIONS WILL BE NECESSARY.

5. WHILE BOGDAN PRESUMABLY WILL SERVE AS CHANNEL FOR THIS PURPOSE, EMBASSY BUCHAREST MAY FOLLOW UP WITH GOR AS APPROPRIATE.

6. ILIESCU'S SKEPTICISM NOTED IN REF A SEEMS TO CONVEY SUSPICION THAT CONSULTATION MECHANISM IS LIKELY TO BE USED BY USG TO DISCOURAGE DEAL. WHILE WE CANNOT COMMIT LIMITED OFFICIAL USE

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OURSELVES IN ADVANCE OF CONSULTATIONS AS TO POSITION WE MAY TAKE ON THIS PARTICULAR PROPOSAL, U.S. IS COMMITTED TO OPEN DOOR POLICY RE INWARD INVESTMENT AND DESIRE MAINTAIN POSITION OF NEUTRALITY UNLESS CLEAR PROBLEM OF NATIONAL INTEREST SHOULD BECOME APPARENT.

7. AGREE WITH EMBASSY/ISLAND CREEK JUDGEMENT ON DESIRABILITY FOR GOR TO OBTAIN LEGAL COUNSEL. COMMERCE WILL POUCH GENERAL MATERIAL ON INVESTING IN U.S., BUT THIS WILL BE WHOLLY INADEQUATE FOR GOR NEEDS. YOU SHOULD

EXPLAIN TO GOR THAT MOST FOREIGN INVESTORS IN U.S. SEEK  
DOMESTIC LEGAL ASSISTANCE. KISSINGER

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